

Message Text

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44

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 ISO-00 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 (ISO) W

----- 057568

R 241351Z JUL 75

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 4175

INFO AMEMBASSY ADDIS ABABA

AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY LONDON

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMEMBASSY DAR ES SALAAM

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E.O. 11652: N/A

TAGS: EAGR, KE

SUBJECT: KENYAN REACTION TO BRAZILIAN COFFEE FROST

REF: STATE 173494; LONDON 11129

1. NEWS OF BRAZILIAN COFFEE FROST STUNNED OFFICIAL AND PRIVATE KENYANS CONCERNED WITH POSSIBLE EFFECTS ON EARNINGS FOR KENYANS. APART FROM HORSEBACK PROJECTION OF MILLIONS OF DOLLARS IN UNEXPECTED FOREIGN EXCHANGE RECEIPTS OVER NEXT FEW YEARS, HOWEVER, SERIOUS KENYAN OFFICIALS ARE UTTERLY UNABLE QUANTIFY LIKELY IMPACT OF BRAZILIAN DISASTER ON KENYAN ARABICA SALES. SO FAR KENYA HAS NOT EVEN HEARD FROM AGRICULTURAL ATTACHE IN
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LONDON. KENYA HAS VIRTUALLY NO OFFICIAL REPRESENTATION

IN LATIN AMERICA.

2. EMBOFF CALLED JULY 24 ON A.I. MACHAYO, HEAD OF CROP PRODUCTION DIVISION, MINISTRY OF AGRICULTURE, AS OFFICIAL KENYAN BEST QUALIFIED OFFER INFORMED REACTION. MACHAYO SAID HIGHER MARKET PRICES WILL OBVIOUSLY ATTRACT MORE FARMERS INTO PLANTING IN "HIGH-POTENTIAL" AREAS NOT SUBJECT TO PLANTING RESTRICTIONS. (GOK VOLUNTARILY RESTRICTS PLANTING IN LOW-POTENTIAL AREAS BECAUSE OF BETTER ALTERNATIVE USES FOR LAND AND BECAUSE FARMERS WHO MIGHT FAIL IN THESE LESS PROMISING AREAS WOULD TURN TO GOK TO BAIL THEM OUT.) MACHAYO ALSO FORESAW THAT MORE REASONABLE FERTILIZER PRICES, EXPECTED IN PART FROM PLANNED FERTILIZER FACTORY, AND EXPERIMENTS DOUBLING PLANT POPULATION WITHOUT REQUIRING MORE LAND, WOULD CONTRIBUTE TO MORE KENYAN COFFEE UP FOR SALE.

3. THOUGH KENYAN GOVERNMENT WOULD NOT DELIBERATELY ENCOURAGE NEW PLANTINGS, MACHAYO CONTINUED, KENYAN GOVERNMENT WOULD HAVE TO UNDERTAKE MORE AGGRESSIVE INTERNATIONAL COFFEE POLICY TO PROTECT INCREASED PLANTINGS. ONE PROBABLE EFFECT OF BRAZILIAN DEVELOPMENT, HE SAID, MIGHT THAT QUOTE KENYAN POLITICIANS UNQUOTE WOULD SEEK DELAY SIGNING NEW INTERNATIONAL COFFEE AGREEMENT. P. KATANGIMA, AGRICULTURAL EXECUTIVE, KENYA COFFEE BOARD, CONFIRMED TO AGATT EMPLOYEE JULY 24 THAT KENYA CONSIDERS RECENT PROPOSALS FOR SUBSTANTIVE PROVISIONS OF AGREEMENT OBSOLETE.

4. KENYA'S TENTATIVE EXPORT QUOTA OF ONE MILLION BAGS HAD BEEN CONSIDERED GENEROUS BY AGRICULTURAL MINISTER NYAGAH BEFORE BRAZILIAN FROST. MACHAYO INDICATED THAT QUOTA MIGHT STILL BE SUFFICIENT FOR TWO OR THREE YEARS SINCE KENYA CURRENTLY PRODUCING BELOW THAT LEVEL, AND 22,000 ADDITIONAL HECTARES WILL NOT BE COMING INTO PRODUCTION UNTIL 1977/78 YEAR. TOTAL AREA NOW UNDER PRODUCTION 86,000 HECTARES.

5. IN BRIEF, IT DIFFICULT TO READ BRAZILIAN TRAGEDY AS ANYTHING BUT WINDFALL FOR KENYA IN SHORT TERM. KENYAN LIMITED OFFICIAL USE

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REACTION REFLECTS INVOLUNTARY BUT NATURAL SATISFACTION. LINDSTROM

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